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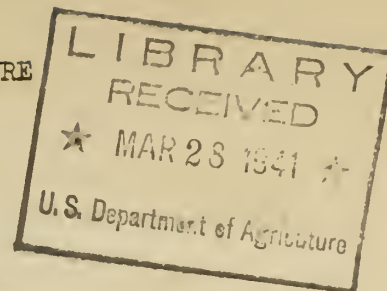


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UNITED STATES DEPARTMENT OF AGRICULTURE  
U.S. Agricultural Marketing Service

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COLD-STORAGE REPORTING  
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By William Broxton, Associate Marketing Specialist

Address, Fiftieth Annual Convention of the Association of Refrigerated  
Warehouses Division of The American Warehousemen's Association,  
Chicago, Illinois, February 11-15, 1941

It seems quite appropriate on an occasion like this for me to outline, briefly, a history of cold-storage reporting, since my association with the cold-storage warehousing industry for nearly 20 years has been in connection with the reporting work of the U. S. Department of Agriculture.

That prompt, regular reports have been possible throughout the years is due in great measure to the cooperative spirit of members of the Association of Refrigerated Warehouses. Much credit for the standing of the reports with the trade today is also due to the cooperative, constructive support of the Association in the development of these reports in their present form.

The need for information on stocks of food in cold storages was realized by warehousemen in the early days of the industry. The first report on cold-storage holdings was compiled as an association activity in about the year 1907, when statistics on stocks of butter and shell eggs were collected from 54 of the more important storages. Although these early reports did not attempt complete coverage, they were quite valuable in that they were collected over a series of years and were based on the business of the same concerns for almost the entire period.

During the early years of the cold-storage warehousing industry, information on the management and practices of warehouses was completely lacking. As a result it was inferred in some quarters that long-time storage was common. This inference was due to the publicity that had been given to particular instances of storage for periods of a year or two. It also was charged that cold-storage men used their plants for "cornering supplies" and for squeezing customers.

Because of these criticisms, the United States Department of Agriculture in September and October 1911 made an investigation of the cold-storage business to determine whether such criticisms were justified. As the investigation progressed it also seemed desirable to ascertain whether the accusations that cold storage influenced prices were well-founded.

A large mass of material was collected and assembled. This included information on stocks, movements into and out of storage, and related prices of the important food commodities such as: butter, eggs, poultry, beef, mutton, and pork. The volume of data collected and the comprehensive treatment of them as published in Departmental bulletins, indicate that the in-

vestigation was very thorough and was based on a sufficiently lengthy period (March 1909 through April 1911) to guarantee the soundness of the conclusions.

The conclusions reached by an exhaustive study of the available information refuted the contention that commodities were held for unduly long periods of time. It was shown that the addition of storage charges, interest and insurance costs over a long period to the original cost of the commodities would so raise the price as to prohibit any possibility of profit to the owner. And from the assembled facts it was apparent that long storage was exceptional.

As to the findings on the effect of cold storage on prices, I quote from Bulletin #101 of the Bureau of Statistics of the United States Department of Agriculture which was published in 1913:- "The cold storage situation, as it has presented itself to some writers, has been assumed to be one in which cold storage interests have combined to raise the price of commodities. Evidence would need to be presented to sustain this contention and to indicate the feasibility of the combination of an immense number of wholesale dealers in all parts of the country for the purpose of regulating prices through the use of cold storage warehouses. \* \* \* On the other hand, the cold storage warehouses have been asserting that the effect of the cold storage of foods has been to lower the annual level of prices paid for them by consumers. The method on which this assertion has been founded was examined in the conduct of this investigation, and uncertainty as to its sufficiency and validity led to a large extension of the investigation within the realm of prices and to the application of processes for determining price levels, which, it is believed, are sound.

"At the outset it is by no means to be admitted that the cold storage business is responsible if the price levels of its commodities have increased. Let the effect be what it will with regard to cold storage on prices, the fact remains that cold storage has been of incalculable benefit to consumers in providing commodities for consumption out of the natural productive season. This service costs an immense amount of money every year. The contention of some writers is that, although consumers sustain this immense expense, there is such a redistribution of consumption throughout the year that there is a consequent redistribution of prices on a lower price level than before. It may be that the assertions against and for cold storage in its relation to prices need some modification: at any rate the mass of materials assembled in this bulletin was procured for the purpose of throwing light on this feature of the subject."

(End of quote.)

This is followed by exhaustive treatment of the subject matter, with graphically illustrated explanations of the sources of information and methods used in the application of the material in arriving at conclusions. Again I quote from bulletin #101- "It is not the purpose of this bulletin to give countenance to any adverse criticism of cold storage because it so redistributes relative monthly consumption and relative monthly prices that the arithmetical effect of these redistributions is usually, though not always, a tendency toward a higher price level. Whether this tendency is realized is to be determined as a matter of fact, and not of preference. A tendency to a higher or lower price level may not be realized.



"On the other hand, an actual movement of prices to higher or lower level is an accomplished fact, and cold storage may or may not play a large part as a cause of the movement. Price is the product of many factors and cold storage is only one of them.

"With regard to tendency toward equalization of prices as a result of cold storage, the discrepancy between theoretical expectation and actual fulfillment needs explanation."

(End of quote.)

The investigation of the cold-storage industry was one of the major projects of the United States Department of Agriculture for the year 1911 and as such was incorporated in the annual report of the Secretary of Agriculture for that year. The report gave a clean bill of health to the industry so far as the assertions made against it were concerned and concluded with the following recommendation:- quote- "The affairs of such a business as this should have publicity. The public ought to know how much goods are in storage from month to month and what the movements of receipts and deliveries are.

"The food warehousemen should be required to send to Washington monthly reports containing the desired information. Here these reports could be promptly aggregated and the results could be given to the public on a previously announced day of the month, somewhat as the crop reports are."

(End of quote.)

This recommendation was not adopted, however, until October 1914 when preparations were made to obtain reports on the holdings of apples in cold storage. The first report was compiled as of December 1, 1914. Thereafter reports were compiled as of the first of each month until June 1, 1915. When resumed on October 15, 1915, they were issued semi-monthly as of the first and fifteenth of succeeding months until December 1, 1915. From that date until June 1 of the following year the reports on apples were on a monthly basis.

During 1916, it can be said, cold-storage reporting really got under way. Beginning with August of that year, the then Bureau of Markets obtained reports on stocks of creamery butter and shell eggs. On September 1, American cheese was added to the list of commodities and on December 1, frozen and cured beef, lamb and mutton, pork, and lard were included in the schedule. Frozen eggs and poultry were added on May 1, 1917. Further enlargements and refinements of the report have been made from time to time since.

On October 15, 1917, an entirely new and separate report covering stocks of frozen fish was inaugurated. This report, with necessary additions and segregations as the demands of fishery industries justified, has continued to be issued.

With the entry of the United States into the World War the exigencies of that emergency required that reporting of food supplies be made mandatory and that all food dealers be licensed by the Government during the period of the war. After that emergency was over, Federal regulation of the food industries was lifted. Cold-storage reporting was continued, however, and its

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success was made possible by the voluntary cooperation of the cold-storage warehousing industry.

During the more than quarter century in which cold-storage reporting has evolved there have been revolutionary changes in marketing methods and practices; but the reservoir of stocks of commodities in cold storages always has been and always will be a fundamental factor in any approach to a study of marketing problems.

Until recent years only a relatively small percentage of the total production of many foods found its way into cold storage, but the development of modern scientific methods of preserving foods by freezing has changed and will no doubt continue to change that picture. Improved methods of handling and processing foods, which have been so pronounced during the past few years, and improvements in methods of distribution and selling will tend still further to enhance the importance of cold storage and undoubtedly will result in a larger proportion of the total supply of certain commodities passing into cold-storage warehouses.

It is essential, therefore, that information on stocks, facilities for adequately taking care of supplies, and the extent to which existing capacities of warehouses are being utilized must be kept abreast of changing conditions.

Most of you are familiar with the expansion of the work of cold-storage reporting. To illustrate the situation further, however, let me say, that from its beginning in 1914, when the report covered one commodity only, the work has grown until the schedule now in use lists 64 items which include fresh and frozen fruits, frozen vegetables, dairy products, eggs, poultry and meats and lard. In addition to this, the fish schedule covers 54 items.

Cold-storage reporting does not stop at compiling information on monthly holdings alone. The Agricultural Marketing Service periodically carries out a survey of the capacity and temperature ranges of refrigerated warehouses and meat-packing plants and compiles a monthly report on the percentage of the space that is occupied in public warehouses.

Your reaction to this talk of expansion, is probably- "yes, and the burden is carried by the warehouses." But please let me say in explanation, that those of us who are responsible for setting up and planning the cold-storage reporting work, have had very little to do with the expansion. In practically every phase of the work the policies adopted have been dictated by force of circumstances, changing conditions, or well-proved need for more information on marketing problems. Your own needs as warehousemen, as you know, have brought about some of the changes in the report. And it is to be anticipated, without doubt, that still further demands will be made as time goes on.

Even now, there are on file in Washington, requests from poultry interests, for information on the quantity, by varieties, of eviscerated poultry being processed and the stocks of that commodity held under refrigeration. This information unquestionably is valuable. Whether it is practicable to obtain it at this time I do not know. It is a question that you warehousemen alone can answer and it will probably be put to you in the near future.

In this connection, let me say, the Agricultural Marketing Service is entirely unbiased in its attitude toward such proposals for additions to or other improvements in the reports. It is thoroughly appreciative of the need to avoid burdening the industry with unnecessary work; but at the same time it must take cognizance of legitimate demands of those groups whose businesses require information of a nature that will help them toward an intelligent appraisal of their problems.

As for the work of assembling, editing, tabulating, and analyzing the material, the force engaged in that work is devoted to its job and takes an interest in doing the best of which it is capable. Although the cold-storage report and other phases of work connected therewith have grown tremendously over the years, improved methods, economies of practice and increased efficiency make it possible now to carry on the project with a smaller office force than was the case 10 or 15 years ago. And I am convinced that the report as now issued is of greater value than it ever was.

